

**ANNUAL FINANCIAL REPORT OF THE
LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
June 30, 2013**

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**Audited by
Steven F. Cundiff, C.P.A., Inc.
Stillwater, Oklahoma
August 15, 2013**

**LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
YEAR ENDED JUNE 30, 2013**

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Independent Auditor's Report

To the Board of Directors
Logan County Conservation District
Logan County, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan County Conservation District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information, of the Logan County Conservation District, as of June 30, 2013, the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

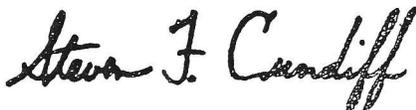
Accounting principles generally accepted in the United States of America require the Pension Plan Funding Progress page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, because it was outside the scope of our engagement. We do not express an opinion or any assurance on the information.

Management has omitted the Management's Discussion and Analysis and the budgetary information that accounting principles generally accepted in the United States of America, require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2013, on our consideration of Logan County Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

August 15, 2013



Steven F. Cundiff, CPA, Inc.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LOGAN COUNTY CONSERVATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

Statement 1

	<u>Government Activities</u>
Assets	
Current assets	
Cash and cash equivalents (notes 4, 5 and 6)	\$ 9,302.82
Investments: bank certificate of deposit (note 4, 5 and 6)	25,307.61
Receivables from other governments (note 7)	-
Inventories (note 8)	678.50
Total current assets	<u>35,288.93</u>
Noncurrent assets	
Capital assets:	
Capital assets net of accumulated depreciation (note 9)	15,240.72
Total assets	<u>\$ 50,529.65</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 2,098.94
Current portion of accrued compensated absences (note 10)	12,292.42
Total current liabilities	<u>14,391.36</u>
Net position	
Net invested in capital assets	15,240.72
Unrestricted	<u>20,897.57</u>
Total net position	<u>\$ 36,138.29</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

LOGAN COUNTY CONSERVATION DISTRICT
 STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2013

Statement 2

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contracts	Capital Grants and Contracts	Primary Government Governmental Activities
Governmental activities					
Conservation program	\$ 100,679.01	\$ -	\$ 99,037.60	\$ -	(1,641.41)
Equipment rental income	-	3,020.05	-	-	3,020.05
Conservation maps and plot books	1,724.00	5,731.25	-	-	4,007.25
Miscellaneous income	-	85.34	-	-	85.34
Other outlays	-	-	-	-	-
Total government activities	102,403.01	8,836.64	99,037.60	-	5,471.23
General revenues					
Miscellaneous					-
Investment earnings					192.89
Total general revenue and special items					192.89
Change in net position					5,664.12
Net position unrestricted, beginning of year					30,474.17
Net position unrestricted, end of year					\$ 36,138.29

The accompanying notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**LOGAN COUNTY CONSERVATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND
JUNE 30, 2013**

Statement 3

Total
Governmental
Funds

General Fund

ASSETS

Current assets

Cash and cash equivalents (notes 4, 5 and 6)	\$	9,302.82
Investments (notes 4, 5 and 6)		25,307.61
Receivables from other governments (note 7)		-
Inventories (note 8)		678.50
Total current assets		35,288.93

Total assets	\$	35,288.93
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LIABILITIES

Current liabilities

Accounts payable	\$	2,098.94
Current portion of accrued compensated absences (note 10)		12,292.42
Total current liabilities		14,391.36

FUND BALANCE

Unassigned in General fund		20,897.57
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Total fund balance		20,897.57
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and not reported as assets in governmental funds.

The cost of the assets is		\$ 34,099.06
The accumulated depreciation is		(18,858.34)
Net effects for the reconciliation		15,240.72

Net position of governmental activities	\$	36,138.29
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The accompanying notes to the basic financial statements are an integral part of this statement.

LOGAN COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Statement 4 <u>Governmental</u> <u>Fund Types</u> <u>General</u> <u>Fund</u>
Revenues	
Oklahoma Conservation Commission	\$ 99,037.60
OCC Equipment grant	-
Advertising sales and donations	3,070.00
Map and plot book sales	2,661.25
Miscellaneous income	85.34
Equipment rental income	3,020.05
Interest income	192.89
Miscellaneous reimbursements	-
	-
Total revenues	108,067.13
Expenditures	
Conservation program	100,679.01
Cost of map and plot books sold	1,724.00
	1,724.00
Total expenditures	102,403.01
Excess of revenue over (under) expenditures	5,664.12
Other financing sources (uses)	
Operating transfers in	-
Operating transfers out	-
	-
Excess of revenues and other sources (uses) over (under) expenditures and other uses	5,664.12
Fund balance unassigned - beginning of year	30,474.17
Fund balance unassigned - end of year	\$ 36,138.29

The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Nature of Reporting Entity

The Logan County Conservation District was incorporated on April 5, 1948. The District was subsequently legislated and became a political subdivision of the State of Oklahoma, under the enabling legislation Title 82, Oklahoma Statutes, Sections 1501-101 through 1501-808 (1981) under the Conservation District Act. The basic operations of the District are financed through donations and financial assistance provided by the State of Oklahoma through the Oklahoma Conservation Commission. The governing body of the District is the Board of Directors composed of elected members.

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic—but not the only—criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Basis of Presentation

Government-wide Financial Statements:

The Statements of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Logan County Conservation District had no business-type activities for the period ending June 30, 2013.

LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Logan County Conservation District did not operate any proprietary or fiduciary funds for the year ended June 30, 2013.

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Basis of Presentation (continued)

General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not maintain an internal service fund.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations. The District does not maintain a fiduciary fund.

C. Measurement Focus and Basis of Accounting

Measurement Focus

The government-wide Statement of Net Assets and the Statement of Activities are presented using the economic resources measurement focus.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Note 2: BUDGETS AND BUDGETARY ACCOUNTING

The board does not adopt a budget for the general fund for each fiscal year.

Note 3: INCOME TAXES

The Logan County Conservation District is a political subdivision of the State of Oklahoma and therefore is exempt from federal and state income taxes.

Note 4: CASH AND CASH EQUIVALENTS

The District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Note 5: INVESTMENTS

The Board has adopted an investment policy that allows only investment in bank certificates of deposit and fully insured by federal deposit insurance. The District has one bank certificate of deposit in the amount of \$25,307.61. It will mature on July 27, 2014. It earns interest at a rate of .7%. All investments are presented at market value.

Note 6: CASH AND INVESTMENTS

Deposits and Investments - The District's cash deposits and investments at June 30, 2013 were completely insured or collateralized by federal deposit insurance.

LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 7: ACCOUNTS RECEIVABLE

Accounts receivable represents claims for reimbursements from the Oklahoma Conservation Commission that have not been received as of June 30, 2013.

Note 8: INVENTORIES

Inventories are recorded at the lower of cost or market. Inventory consisted of conservation maps and plat books held for resale.

Note 9: ASSETS AND DEPRECIATION

The Oklahoma Conservation Commission holds title to all assets purchased by the general fund. Equipment has been purchased in the past and depreciated over their useful lives of 10 years. The policy for capitalization of equipment purchases greater than \$500.00;

	<u>Beginning Assets</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Assets</u>
Equipment	\$ 31,810.34	\$ 2,288.72	\$ 0.00	\$ 34,099.06
Accumulated depreciation	\$ 16,433.34	\$ 2,425.00	\$ 0.00	\$ 18,858.34

Note 10: COMPENSATED ABSENCES

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

Note 11: FUND BALANCES

Fund balances have been presented noting the amount as unassigned for the general fund.

Note 12: USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LOGAN COUNTY CONSERVATION DISTRICT
LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 13: PENSION PLAN

The organization participates in the Oklahoma Public Employees Retirement System. All eligible employees contribute 3.5% of gross wages. The Oklahoma Conservation Commission contributes 15.5% of gross wages on reimbursable salaries for all eligible participants. See the schedule of Funding Progress (dollars in millions) (unaudited).

Note 14: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Note 15: SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2013, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**LOGAN COUNTY CONSERVATION DISTRICT
PENSION PLAN FUNDING PROGRESS
JUNE 30, 2013
UNAUDITED**

Exhibit 1

Schedule of Funding Progress (dollars in millions) (unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Actuarial Accrued Liability (UAAL) (b-a)	Funder Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll (a-b)/(c)
June 30, 2003	5,354.8	6,974.6	1,619.8	76.8%	1,411.7	114.7%
June 30, 2004	5,412.2	7,114.8	1,702.6	76.1%	1,383.9	123.0%
June 30, 2005	5,450.7	7,575.4	2,124.7	72.0%	1,454.2	146.1%
June 30, 2006	5,654.3	7,914.7	2,260.4	71.4%	1,568.4	144.1%
June 30, 2007	6,110.2	8,413.2	2,303.0	72.6%	1,626.7	141.6%
June 30, 2008	6,491.9	8,894.3	2,402.4	73.0%	1,682.7	142.8%
June 30, 2009	6,208.2	9,291.4	3,083.2	66.8%	1,733.0	177.9%
June 30, 2010	6,348.4	9,622.6	3,274.2	66.0%	1,683.7	194.5%
June 30, 2011	6,598.6	8,179.8	1,581.1	80.7%	1,570.5	100.7%
June 30, 2012	6,682.2	8,334.6	1,652.4	80.2%	1,633.8	101.1%

The District participates in the state-administered Oklahoma Public Employees Retirement System (the "System"), which is a cost sharing, multiple-employer public employee retirement system. Under the system, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all eligible employees. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a Board of Trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

Steven F. Cundiff

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Logan County Conservation District
Logan County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Logan County Conservation District as listed in the Table of Contents, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Logan County Conservation District's basic financial Statements and have issued our report thereon dated August 15, 2013. We have included an explanatory paragraph in our report that stated management had not presented the Management's Discussion and Analysis and the budgetary information to supplement the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Logan County Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Logan County Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Logan County Conservation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 15, 2013

A handwritten signature in black ink that reads "Steven F. Cundiff". The signature is written in a cursive style with a large, prominent "S" and "C".

Steven F. Cundiff, CPA Inc.